

EXHIBIT 2

1 UNITED STATES BANKRUPTCY COURT
2 SOUTHERN DISTRICT OF NEW YORK
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5 In re:) Chapter 11
6 LEHMAN BROTHERS HOLDINGS INC., et)
7 al.) Case No.
8 Debtor) 08-13555 (JMP)
9) (Jointly
10) Administered)
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10 DEPOSITION OF MICHAEL KIM HERMAN, a 30(b)(6) witness
11 December 16, 2013
12 Seattle, Washington
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1 Michael Kim Herman - 12/16/13

2 take some action immediately or whether we had to
3 wait and see what was going on, what would-- what
4 else would occur, and as I said, what choices we
5 might have to make in the near future with regard
6 to the different things that might happen.

7 Q What were the immediate negative ramifications
8 that TSA might face?

9 A As I recall, the immediate ramifications were
10 loss of payments on the RFA.

11 I believe at this point we knew that the
12 corpus was-- we had collateral for the reserve
13 fund at this point, so we were worried about
14 future payments.

15 I think we were-- if I recall correctly, it
16 was the question of valuation of where we were,
17 if there was a termination, and then what would
18 happen in a-- that it might take-- if it went to
19 court, it might take us five to eight years to
20 get any kind of a settlement or something like
21 that.

22 I think those were the kinds of general
23 issues we discussed.

24 Q During this initial conference call, did you
25 learn what the valuation of the reserve fund

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2 agreement was?

3 A I don't remember if it was during this initial
4 conference call or not.

5 It may have been, but I know that the first
6 valuation we did, that we had PFM do, was that
7 the TSA would have owed Lehman \$1.2 million.

8 Q Did that come as a surprise to you?

9 A Yes.

10 Q Why?

11 A Because Lehman was the one that defaulted, and it
12 seemed-- although I understand the agreement and
13 the potential consequences of the agreement, from
14 a layman's viewpoint, the idea that the burdened
15 party would owe money to the other side because
16 they failed to perform was a little bit
17 astounding.

18 Q Do you recall-- whether it's on this call or a
19 subsequent call, do you recall any further
20 discussion about the fact that PFM's initial
21 calculation would have Washington TSA owing over
22 a million dollars to Lehman?

23 A Well, yes, we had some conversations about that.

24 I think the determination was that there was
25 not a termination event yet. There was not a

1 STATE OF WASHINGTON) I, Terilynn Pritchard, RMR, CRR,
) ss CLR, a certified court reporter
2 County of Pierce) in the State of Washington, do
) hereby certify:

That the foregoing deposition of MICHAEL KIM
5 HERMAN was taken before me and completed on
December 16, 2013, and thereafter was transcribed under my
6 direction; that the deposition is a full, true and complete
transcript of the testimony of said witness, including all
7 questions, answers, objections, motions and exceptions;

8 That the witness, before examination, was by me
duly sworn to testify the truth, the whole truth, and
9 nothing but the truth, and that the witness waived the right
of signature;

That I am not a relative, employee, attorney or
11 counsel of any party to this action or relative or employee
of any such attorney or counsel and that I am not
12 financially interested in the said action or the outcome
thereof.

IN WITNESS WHEREOF, I have hereunto set my
16 signature on the 20th day of December, 2013.

23 Terilyn Pritchard, CCR, RMR, CRR, CLR
Certified Court Reporter No. 2047.